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Feinberg

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(54) **DATA PROCESSING SYSTEM FOR CONDUCTING A MODIFIED ON-LINE AUCTION**

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(58) Field of Search **705/37, 26**

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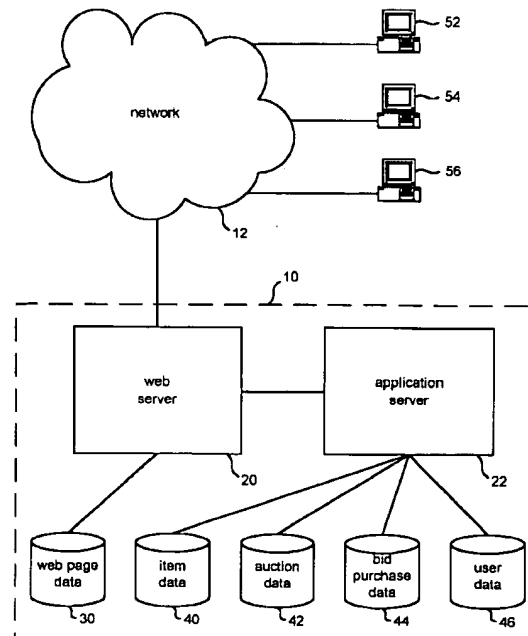
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(57) ABSTRACT

A data processing system is disclosed that can be used to conduct a modified auction. A minimum value is determined for an item to be auctioned. Potential bidders are provided the opportunity to buy the rights to bid on the item. When the total proceeds from selling the rights to bid on the item become equal to or greater than the minimum value for the item, an auction is performed for the item. In one embodiment, only those entities that purchased the rights to bid may participate in the auction, and the auction is designed to prevent the auction price from becoming too high.

25 Claims, 8 Drawing Sheets



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TITLE: Data processing system for conducting a modified on-line
auction

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Brief Summary Text - BSTX (5):

The Internet's impact on the way we live has been rapid and powerful. We can now communicate instantly, globally and around the clock. Communication can be performed textually, graphically, with audio and with video. The impact on how consumers purchase items is one of the most obvious **changes** brought by the Internet and, perhaps, the one experienced by the greatest number of people. The Internet has increased the efficiency of purchasing, chiefly by increasing the amount of the information brought to a purchase decision. The Internet has also increased the convenience of buying items, by extending the hours when consumers can shop, bringing hard to find items to anyone with an Internet connection and make it viable to deliver all sorts of goods and services by concentrating enough demand to fund a delivery infrastructure.

Brief Summary Text - BSTX (6):

Although it has increased efficiency and convenience, the Internet has not yet profoundly **changed** the nature of how consumers purchase. Despite the newfound speed, convenience, knowledge and reach, buyers still meet in some manner to exchange money for goods. But the power of the Internet makes it possible to envision revolutionary new ways to restructure the age old relationships of seller and buyer, **changing** qualitatively the way value is established, created and exchanged.

Brief Summary Text - BSTX (7):

Examples of attempts to **change** the way consumers make purchases using

the

Internet may be seen at the following web sites: www.ebay.com ("Ebay"); www.mercata.com ("Mercata") and www.priceline.com ("Priceline"). Ebay is a straight auction system. Like other auctions, bidders compete against each other for items. No payment for bidding is required. No price is guaranteed to the seller, except for a reserved auction situation in which the seller does not have to complete the transaction until the seller's reserve price is met. Sometimes, an auction can become heated and the price could exceed the market value of the item. Additionally, on-line auctions tend to be conducted over a number of days, thereby, reducing the entertainment value.

Detailed Description Text - DETX (15):

If sufficient value was received, then computer system 10 notifies the users that competitive bidding will begin in step 210. This notification could be made via a web page using web server 20. Alternatively, a user can be notified by email, telephone or some other communication means. In one embodiment, only users who purchase the rights to bid for the particular item will be notified. In other embodiments, additional users can also be notified. In step 212, competitive bidding takes place for the particular item in question. In step 214, a buyer of the item is identified. The buyer is the entity with the highest bid from step 212. In step 216, the sale is transacted. If in step 208 computer system 10 determines that the sufficient value was not received for the rights to bid, then the method loops to step 220 and determines whether the auction process should continue. If not, the method of FIG. 6 is done. If so, the parameters for purchasing rights to bid can be **changed** in step 222 and the method loops back to step 206. In one embodiment, the determination of whether to continue in step 220 and to **change** the parameters in step 222 is defined by the seller in step 202. In other embodiments, computer system 10 will make a decision based on the number of entities purchasing rights to bid and the minimum price for the item.

Detailed Description Text - DETX (19):

FIG. 9 is a flow chart depicting the method for receiving requests to purchase the rights to bid and fulfilling those requests. In step 360, computer system 10 receives a request to purchase the rights to bid. It can be in the form of the user selecting the link in the web pages described above, or another suitable form to request a purchase. In step 362, computer system 10 determines whether it is a new bidder or a known bidder. If it is a known bidder, then in step 364, computer system 10 verifies payment data for the purchase. The rights to bid has a set cost. This price will be displayed to

the user on the pages discussed above with respect to FIG. 8. In one embodiment, the user pays for the rights to bid via a credit card transaction. In step 364, the bidder's password is verified and the bidder's credit card payment information is displayed. In step 366, the bidder is given the option to change the payment information. If the payment information has not changed then, in step 368, the user pays for the rights to bid by completing the transaction. In step 370, a new record 160 is added to bid purchase data 44 for the new purchase of the rights to bid. In step 372, computer system 10 determines whether it will receive any more purchases. If not, the method of FIG. 9 is completed. If so, the method loops back to step 360. In one embodiment, the system will continue to accept new purchases of rights to bid until the sum of all the purchases of rights to bid is equal to or greater than the minimum price. In one embodiment, the process of FIG. 9 will be limited in time so that if at certain predetermined time period passes, the method of FIG. 9 will automatically terminate.

Detailed Description Text - DETX (20):

Note, in step 362, if it is determined that the bidder is new, then the method of FIG. 9 loops to step 376. In step 376, computer system 10 receives and stores new bidder information. This new information is stored in record 180 of user data 46. In step 366, if the user decides to change the payment data then, in step 380, new payment data can be entered into and received by computer system 10. That new payment data is stored in field 190 of record 180.

Detailed Description Text - DETX (21):

FIG. 10 is a flow chart depicting a method for conducting a competitive bidding session. In step 400, computer system 10 receives a bid. The bid includes the name of the bidder, an identification of the item, an identification of the auction and an amount. In step 402, computer system 10 verifies the bidder. That is, when a bidder places a bid, the bidder is required to enter a user name and password. In step 402, computer system 10 verifies that the bidder exists in user data 46. Step 402 also includes determining whether the bidder making the bid purchased rights to bid for this particular auction. This is done by accessing bid purchase data 44 in order to find a record 160 that has a bidder ID field 164 matching the bidder attempting to make a bid. If the bidder is a valid bidder in the system who has purchased rights to bid in this particular auction, then in step 406, computer system 10 determines whether the bid is valid. In one embodiment, each auction has a minimum increment and a maximum increment. The difference between the bid received in step 400 and the current high bid must be greater than or equal to

the minimum increment and less than or equal to the maximum increment. In some embodiments, there is no minimum increment. In other embodiments, there is no maximum increment. If the bid is within the minimum and maximum increments, then it is a valid bid (step 408) and the method loops to step 410 to update the auction data. In one embodiment, step 410 includes changing current win bid field 130 of record 110, adding a new bid ID field into record 148, and adding a new record 90. In step 412, web server 20 updates the auction data in any of the web pages being displayed to indicate a new high bid. In step 414, the system determines whether there is any more time left in the auction. The duration of the auction is set by field 118 of FIG. 3b. If there is more time left in the auction, then the method loops back to step 400. If there is no more time, then bidding is closed in step 416.

Detailed Description Text - DETX (24):

Consider, for example, a seller attempting to sell a radio. The market price for that radio is \$200.00. In one alternative, the seller sets a minimum value of the item to be \$200.00. The cost of purchasing rights to bid on the item is set at \$1.00 with the expectation that 200 persons will pay for the right to bid on the radio. When 200 people have purchased the rights to bid on the radio, the auction begins. In this example, assume that the maximum bid increment is 50.cent. and there is no minimum bid increment. The duration of the auction is set to fifteen minutes. Thus, it is likely that the final cost of the radio at the conclusion of the auction will be significantly less than \$200.00 (e.g. \$35.00). Despite the low final sale price, the seller received more than the market value of the radio (e.g. \$200.00+\$35.00) and the winning buyer paid far less than the market value of the radio (e.g. \$35.00+\$1.00). The entities losing the auction only paid \$1.00 for the entertainment of the auction and the chance of buying a radio for \$35.00. In one embodiment, a service providing computer system 10 can charge a fee as a percentage of the seller's proceeds, or can change a set fee.

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6023685

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